

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7077

BILL NUMBER: HB 1161

NOTE PREPARED: Jan 26, 2010

BILL AMENDED: Jan 25, 2010

SUBJECT: Confined Feeding Operation Setbacks.

FIRST AUTHOR: Rep. Pflum

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill provides that after June 30, 2010, a person may not, within two miles of the boundary of a state park or reservoir operated, maintained, or managed by the Department of Natural Resources (DNR) (1) apply manure; or (2) start construction of a confined feeding operation. The bill provides an exception to the manure application restriction for a postsecondary educational institution that conducts agricultural research. The bill provides that the construction limitation does not apply to the expansion of a confined feeding operation or the expansion of an agricultural operation that will become a confined feeding operation as a result of the expansion.

Effective Date: July 1, 2010.

Explanation of State Expenditures: (Revised) The proposal has the potential to reduce state expenditures that could occur for cleanups of animal waste spills near state natural resources. The proposal could also reduce administrative expenses for the Indiana Department of Environmental Management (IDEM) associated with oversight of CFOs and CAFOs if the proposal results in fewer operations being constructed in Indiana. The specific impact is indeterminable.

In FY 2009, IDEM received reports of 3,199 spills. Of these spills, 66 were related to livestock; 10 were regulated operations.

IDEM is funded by both state General Fund and dedicated fund appropriations. The State Personnel Department staffing report indicated that, as of October 15, 2009, IDEM had 37 vacant positions with salaries totaling almost \$1.6 M. Of the 37 vacant positions, 29 have been vacant for less than three years.

IDEM reverted \$31 M to the state General Fund and \$51.5 M in all funds in FY 2009.

Explanation of State Revenues: If fewer operations are constructed in Indiana as a result of the proposal, revenue generated by CFO and CAFO fees could decrease. The overall impact, however, is not expected to be significant.

Background: In FY 2008, 2,211 operations existed in Indiana. There were approximately 656 CAFOs in the state with 1,555 CFOs. CFOs pay a one-time fee of \$100. CFOs renew every five years for free.

CAFOs that seek a general NPDES permit pay \$150 every five years and \$100 for construction or modification. CAFOs that seek an individual NPDES permit pay \$300 every five years and \$100 for initial construction or modification.

Fees are deposited in the dedicated environmental permit fund used for IDEM operations.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: IDEM, DNR.

Local Agencies Affected: Local units that contain state park or reservoir property.

Information Sources: IDEM.

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